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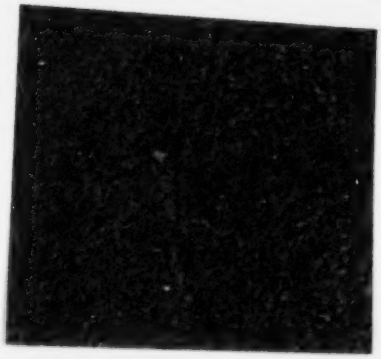

THE REGIONAL DIMENSION: ARAB COUNTRIES PROGRAMME FOR INDUSTRIAL DEVELOPMENT INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

Report by the Director-General

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	REGIONAL ACTIVITIES	3 - 5	2
II.	ASSISTANCE TO THE PALESTINIAN PEOPLE	6	2
III.	COOPERATION WITH REGIONAL DEVELOPMENT INSTITUTIONS	7 - 8	3
IV.	ACTION REQUIRED OF THE BOARD	9	3

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Introduction

1. The present document is submitted in compliance with resolution GC.6/Res.12 adopted by the General Conference at its sixth session. The text should also be considered in conjunction with the information provided in the *Annual Reports of UNIDO 1995 and 1996* (IDB.16/10 and IDB.17/10, chap. V.C).

2. In considering the information provided in the report it should be noted that special efforts have been made to maintain close consultations with Permanent Missions. In compliance with resolution GC.6/Res.12, and to build up confidence, official contacts have been routed through the Permanent Missions. Secretariat staff have maintained regular informal contacts with the Vienna-based Permanent Missions.

I. REGIONAL ACTIVITIES

3. In an effort to ensure a firmly based, well co-ordinated and impact-making regional industrial development strategy, a programming strategy was prepared in 1995 UNIDO support of industrial development in the Arab region, based on which UNIDO activities focused on the following areas in 1996:

(a) Industry-related services;

(b) Total quality management and ISO 9000;

(c) Restructuring and performance improvement in the iron and steel sector;

(d) Industrial project preparation, evaluation and computer applications for feasibility analysis and reporting;

(e) Development of the agro-related metalworking sector;

(f) Cooperation in the production of machine tools in the Gulf subregion.

4. These activities were carried out in cooperation and coordination with the Gulf Cooperation Council, Arab Iron and Steel Union (AISU), the United Nations Economic and Social Commission for Western Asia (ESCWA) and the Arab Industrial Development and Mining Organization (AIDMO). The following are some examples of specific regional activities:

(a) The main objectives of a workshop on restructuring and performance improvement in the iron and steel sector of Arab countries were to prepare AISU for a large-scale regional restructuring study and to upgrade the managerial experience and knowledge of steel plant and AISU representatives. Areas covered included business planning, marketing, quality assurance, information systems, environment, energy and human resources, all of which are indispensable components in the effort to upgrade the region's iron and steel industries.

(b) The development of the agro-related metalworking industry is one of the highest priority areas in Arab countries. In close cooperation with AIDMO, UNIDO prepared and conducted a regional workshop in this field. The main objectives were to identify investment opportunities in the agro-related metalworking industry; to propose ways and means of improving the efficiency of existing factories and workshops in the Arab region; and to provide recommendations regarding the possibilities and steps to be taken to achieve the required integration and coordination between existing agro-metalworking industries.

(c) In 1996 UNIDO undertook a regional project related to the development of industry-related consulting services in Algeria, Morocco and Tunisia. The project assisted the Ministries of Industry and relevant government institutions in the formulation of a medium-term programme to enhance national project execution capabilities through the development of industry-related consulting services; the preparation of national institutional frameworks coordinating the various government bodies and institutions (including business and industry associations) having an influence on, or an interest in, the development of consulting/engineering services; and the definition of the technical assistance requirements of such programmes as well as the identification of potential sources for their financing.

5. UNIDO has proposed the convening of a high-level regional meeting on enhancing industrial cooperation among the Arab countries. One country is now considering the possibility of hosting the proposed meeting in 1997, which would also be subject to the availability of the required resources.

II. ASSISTANCE TO THE PALESTINIAN PEOPLE

6. Within the framework of the UNIDO programming strategy for services to the Palestinian people, three projects were under implementation in 1996. They cover the promotion of renewable energy applications, development of local building materials and the construction industry, and support to the development of industry associations. In cooperation with the Palestinian Authority, UNIDO developed four full-fledged project documents in 1996 covering the following areas of cooperation:

(a) **Support to the establishment of the Palestine Standards Organization** - The project would strengthen the newly-established standards and specifications body by providing a nucleus of standards and metrology calibration facilities, with the capability to implement the Standards Council's policy in promotion of the quality of production for internal consumption and for export.

(b) **Establishment of the Palestine Fashion Design and Technology Centre** - The project aims at upgrading the performance of the Palestinian garment industry through the establishment of a Fashion Design and Technology Development Centre in Gaza, which will support the industry in diversifying its product ranges, economizing its material consumption, improving its productivity and overall product quality, and strengthening the capabilities of staff. Through this support, more value added is expected for the garment industry, leading to increased exports of ready-made garments.

(c) **Establishment of a Biomedical Equipment Repair and Maintenance Centre** - One constraint in the health sector in the West Bank and Gaza Strip is the lack of functioning medical equipment. The project aim is to establish a local Biomedical Equipment Repair and Maintenance Centre capable of carrying out repair, maintenance and calibration of medical instrumentation and devices, electronic measuring equipment, analytical instrument and electrical/electronic equipment. The Centre will be a source of expertise for maintenance, technical training, support for other hospital sites and users of medical devices in the West Bank and Gaza Strip.

(d) **Support to the plastics industry in Palestine** - The main objective of the project is to solve problems of the plastics industry, i.e. low quality, low productivity and efficiency, lack of trained personnel, lack of global information, poor knowledge of products, and lack of adequate technology both for production and quality control. This results in large quantities of plastics waste, plastic products of relatively short life and pollution of the environment. The project will create capability to assist the industry through testing, training, processing, information services, recycling and plastics waste management.

Funding is being sought for the above projects.

III. COOPERATION WITH REGIONAL DEVELOPMENT INSTITUTIONS

7. In early 1997, the Director-General visited the Islamic Development Bank with the objective of defining and establishing practical modalities for cooperation between UNIDO and the Bank for the benefit of Islamic countries, and to review the UNIDO relationship agreement with the Bank. This was followed up by a visit of the Officer-in-Charge of the Arab Countries Bureau, to the Bank in May 1997. These two visits have resulted in a clear understanding of the modalities and main sectors for future UNIDO cooperation with the Bank, including the identification of a large number of concrete joint activities.

8. Through his contact with the Secretary-General of the League of Arab States, the Director-General has initiated a proposal for annual meetings with the League to foster sustainable industrial development in the Arab States and to strengthen regional industrial cooperation. Regional organizations such as the Gulf Cooperation Council and AIDMO, as well as development finance institutions, should participate in the proposed meetings, the first of which is expected to take place towards the end of 1997, in conjunction with a planned regional meeting of Ministries of Industry of Arab States.

III. ACTION REQUIRED OF THE BOARD

9. The Board may wish to take note of the information provided in the present document.